

# **US FERC Reforms Landmark Power-Grid-Access Rule**

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WASHINGTON--The U.S. Federal Energy Regulatory Commission on Thursday updated a 10-year-old landmark rule aiming to prevent discriminatory practices and beef up competition in the wholesale power market.

FERC said the updated rule, which includes various reforms, seeks to provide greater transparency and exchange of information about transmission use in an effort to reduce opportunities for transmission providers to block access to the grid.

Groups representing various sectors of the electricity industry welcomed the FERC order.

"Reform has been long overdue, with the goal of bringing sufficient transparency to transmission access decisions," said Electric Power Supply Association President and Chief Executive John Shelk. "There is an inherent conflict of interest when the same entity controls transmission and generation. Where this occurs, the transmission owner can unfairly use the grid to block those with whom it competes for generation."

Meanwhile, a group representing traditional electricity companies that own both power lines and power plants also welcomed the rule.

It appears that "FERC has attempted to strike a good balance between supporting healthy, competitive wholesale markets and maintaining vertically integrated utilities' ability to serve their native load customers reliably and efficiently," said former U.S. Sen. John Breaux, now a spokesman for the Community Power Alliance. He noted, however, that the CPA had not yet had a chance to review the full rule.

Meanwhile, commissioners said the rule should benefit the environment by helping producers of renewable energy like wind and solar power more easily gain access to the nation's power grid.

The rule "is potentially positive for dollar flow into transmission investment, transmission operators, independent transmission service providers, and merchant power companies who would benefit from expansion of the power grid," said Prudential Securities analyst James Lucier in a recent note.

The original rule, known as the open access transmission tariff, or OATT rule, promoted greater competition in the power markets by requiring electricity companies that own high-voltage power lines to open up those lines for use by competitors.

Still, FERC found that the rule needed to be reformed to better prevent transmission-owning companies from discriminating against companies that solely own power plants that need to connect to the grid to reach customers.

"The final rule prevents undue discrimination and preference by increasing the transparency of OATT administration," said FERC Chairman Joseph Kelliher. "It will now be possible to pry open the black box that has frustrated transmission customers for so long."